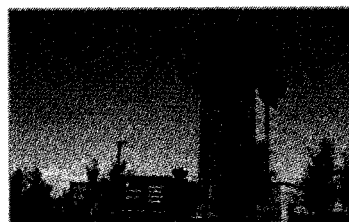
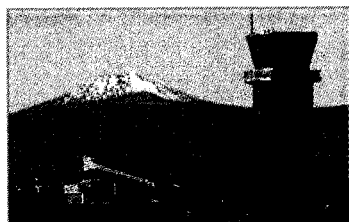


326231



Proposal under the Small Community Air Service Development Program

Legal sponsor: Oregon Department of Aviation
DUNS: 15-576-1620

Contact: Robert Hidley, AAE
Director
Oregon Department of Aviation
3040 25th Street S.E.
Salem, OR 97302-1125
Phone: (503) 378-8689
Email: robert.hidley@state.or.us

Docket #: OST-2005-20127 -79

Date: April 22, 2005



Oregon

Theodore R. Kulongoski, Governor



3040 25th Street SE
Salem, OR 97302-1125
Phone: (503) 378-4880
(800) 874-0102
FAX: (503) 373-1688

April 22, 2005

Docket Operations and Media Management
M-30, Room PL-401
Department of Transportation
400 7th Street, SW
Washington, DC 20590

**Subject: Small Community Air Service Development Program
Docket OST-2005-20127
Oregon Department of Aviation**

Dear Sir/Madam:

The Oregon Department of Aviation, the Washington Department of Transportation – Aeronautics Division, the Oregon Airport Management Association (OAMA), and the Washington Airport Management Association (WAMA) have joined forces to file the attached grant application. The genesis for this collective effort is the worsening state of air service in smaller communities in the Northwest. Throughout the region, the disparity between airline ticket prices in small communities and larger competing airports continues to increase at the same time the quality of service at smaller airports is decreasing. The goal of our plan and grant application are to:

- Improve air service to smaller, underserved and overpriced communities in Oregon and Washington so as to reduce the need to drive long distances to access commercial air service;
- Provide better access from secondary markets in Oregon and Washington to the national air transportation system;
- Engage smaller communities in Oregon and Washington in finding solutions to regional air service issues.

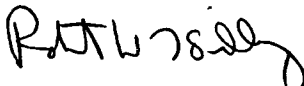
After years of working on air service issues in the Northwest, it is the collective view of the partners associated with this grant application that air service initiatives are seldom successful without a large measure of community involvement and commitment. At the heart of this application is the perception that underserved communities must help themselves if they expect to realize successful air service initiatives.

This application complies with the program priorities established by the Secretary of Transportation (Order 2005-3-12, Appendix A):

- The proposed plan will improve the quality of air service in smaller underserved Northwestern communities, potentially lowering the cost of air travel.
- The public-private partnership will fund 49 percent of the total program. With regard to the project's cash requirement, 47 percent is planned from non-airport sources.
- The organizations listed above have formed a public-private partnership for the purpose of filing the attached application, funding the associated action plan, and completing the action plan in accordance with the program schedule.
- Executing the action plan contained in the application will benefit all segments of the communities involved including government, business, educational institutions, and leisure travelers.
- The Oregon Department of Aviation (sponsor) ensures that the assistance will be used in an efficient and timely manner.

The partners in this application believe that it makes sense to approach widespread small community air service issues in the Northwest with a regional approach. Further, we feel that helping smaller communities help themselves to remedy local air service problems is the approach that offers the best opportunity for long-term success. We appreciate the U.S. Department of Transportation's understanding of the importance of commercial air service in smaller communities and look forward to working with you as you evaluate the merits of the Oregon Department of Aviation's Small Community Air Service Development Program grant application.

Sincerely,

A handwritten signature in black ink, appearing to read "R. W. Hidley", with a stylized flourish at the end.

Robert W. Hidley, A.A.E.
Director

Table of contents

	<u>Page</u>
Section 1. Summary information.....	1
Section 2. Proposal highlights	14
Section 3. Air service background.....	16
Pacific Northwest air service background	16
Factors affecting air service.....	17
Past air service development efforts	18
Current/historical air service	19
Section 4. Air service issues	22
Air service issues.....	22
Underserved markets	22
High airfares	23
Communities are unprepared to address air service issues	24
Section 5. Action plan	25
Public-private partnership.....	25
Project goals	25
Action plan	25
Roles of partnership members	29
Project continuation/sustainability	30
Alternate plan	30
Funding.....	30
Section 6. Schedule/monitoring	32
Action plan schedule	32
Milestones.....	32
Monitoring program	33
Appendix A. Community support.....	34

Tables/exhibits

Table 3.1 Oregon and Washington secondary airports	16
Table 3.2 Regional airline fleets	18
Table 3.3 Regional aircraft orders and options 2004-2016	18
Table 3.4 Past air service development efforts	19
Table 3.5 Historical air service.....	20
Table 3.6 Historical enplanements	21
Table 3.7 Current air service.....	21
Table 4.1 Air service in Oregon and Washington - 2001 vs. 2005	23
Table 4.2 Airfares in Oregon and Washington - 2001 vs. 2004.....	24
Table 5.1 Action plan budget	31
Table 6.1 Action plan schedule.....	32
Exhibit 3.1 Oregon and Washington tier 1 secondary airports	17

**SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM
DOCKET OST-2005-20127**

SUMMARY INFORMATION

All applicants must submit this information along with their proposal. Previous applicants may incorporate by reference all or any portion of their proposals in Dockets OST-2004-17343, 2003-15065, or 2002-11590, but must also submit this summary information to be considered for a grant award from the FY 2004 funding for the Small Community Program in this docket. Additionally, the Office of Management and Budget issued a new policy with respect to applications for federal grants. Effective October 1, 2003, applicants for federal grants must include in their applications their DUNS number.

DUNS Number **15-576-1620**

A. APPLICANT INFORMATION: (CHECK ALL THAT APPLY)

- ☐ Not a Consortium ☒ Interstate Consortium ☐ Intrastate Consortium
☒ Community now receives EAS subsidy

Point of Contact:

Community Name Oregon Department of Aviation
Address1 3040 25th Street S.E.
Address2 _____
City, State Zipcode Salem, OR 97302-1125
Point of Contact: Robert Hidley, AAE, Director

Phone: (503) 378-8689
Fax: (503) 373-1688
Email: robert.hidley@state.or.us
County: Marion

Community Name Washington Department of Transportation –
Aeronautics Division
Address1 P.O. Box 3367 NB-82300
Address2 _____
City, State Zipcode Arlington, WA 98223
Point of Contact: John Sibold, Director of Aviation

Phone: (800) 552-0666
Fax: (360) 651-6319
Email: siboldj@wsdot.wa.gov
County: Snohomish

Community Name Eugene Airport
Address1 28855 Lockheed Drive
Address2 _____
City, State Zipcode Eugene, OR 97402
Point of Contact: Robert Noble

Phone: (541) 682-5430
Fax: (541) 682-6838
Email: Bob.P.NOBLE@ci.eugene.or.us
County: Lane

Note: Contact for Oregon Airport Management Association

Community Name William R. Fairchild International Airport
Address1 PO Box 1350
Address2 _____
City, State Zipcode Port Angeles, WA 98362-0251
Point of Contact: Jeff Robb, Airport Director

Phone: (360) 457-1138
Fax: (360) 417-3461
Email: jeffrobb@olympen.com
County: Clallam

Note: Contact for Washington Airport Management Association

DESIGNATED LEGAL SPONSOR: (MUST BE A GOVERNMENT ENTITY)

Point of Contact

Name	<u>Robert Hidley, AAE</u>	Phone:	<u>(503) 378-8689</u>
Title	<u>Director</u>	Fax:	<u>(503) 373-1688</u>
Organization	<u>Oregon Department of Aviation</u>	Email:	<u>robert.hidley@state.or.us</u>
Address1	<u>3040 25th Street S.E.</u>	City:	<u>Salem</u>
Address2	<u></u>	State:	<u>Oregon</u>
		Zip:	<u>97302</u>

PUBLIC/PRIVATE PARTNERSHIPS: (LIST ORGANIZATION NAMES)

Public

Private

1. Oregon Department of Aviation	1. Oregon Airport Management Association
2. Washington Department of Transportation – Aeronautics Division	2. Washington Airport Management Association
3.	3.
4.	4.
5.	5.

B. PROJECT INFORMATION

PROJECT PROPOSAL: (CHECK ALL THAT APPLY)

<input type="checkbox"/> Marketing	<input type="checkbox"/> Upgrade Aircraft	<input type="checkbox"/> New Route
<input type="checkbox"/> Personnel	<input type="checkbox"/> Increase Frequency	<input type="checkbox"/> Low Fare Service
<input type="checkbox"/> Travel Bank	<input type="checkbox"/> Service Restoration	<input type="checkbox"/> Surface Transportation
<input type="checkbox"/> Subsidy	<input type="checkbox"/> Regional Service	<input type="checkbox"/> Other (specify)
<input type="checkbox"/> Revenue Guarantee	<input type="checkbox"/> Launch New Carrier	<u></u>
<input type="checkbox"/> Start Up Cost Offset	<input type="checkbox"/> First Competitive Service	<u></u>
<input checked="" type="checkbox"/> Study	<input type="checkbox"/> Secure Additional Carrier	<u></u>

PROJECT GOAL: PROJECT IS INTENDED TO ADDRESS PROBLEMS INVOLVING (CHECK ALL THAT APPLY)

<input checked="" type="checkbox"/> High Fares	<input checked="" type="checkbox"/> Insufficient Air Service	<input type="checkbox"/> Unique Airport Circumstance
<input checked="" type="checkbox"/> Access to National Transportation System Needed		<input type="checkbox"/> Other (specify)

PLEASE PROVIDE A BRIEF SYNOPSIS (IN ONE PARAGRAPH) OF THE HIGHLIGHTS OF YOUR PROPOSAL.

The Oregon Department of Aviation, the application sponsor, the Washington Department of Transportation – Aeronautics Division, the Oregon Airport Management Association (OAMA), and the Washington Airport Management Association (WAMA) are requesting federal funding to create a unique self-help air service development program in Oregon and Washington. The Action Plan to accomplish the goals includes (1) developing and providing a self-help Small Community Air Service Development Tool Kit for smaller air service markets in Oregon and Washington, (2) promoting the collection of air travel market data in these same communities to facilitate the analysis of each market, and (3) developing strategies for implementing broad air service network improvements in these two states.

PROJECT FUNDING:

Federal Amount Requested:	<u>\$180,570</u>	In-kind Contribution:	
Local Cash Contribution (a)+(b):	<u>\$136,320</u>	Airport	<u>\$0</u>
(a) Airport	<u>\$0</u>	Other	<u>\$15,000</u>
(b) Non-Airport	<u>\$136,320*</u>	Total In-kind Contribution:	<u>\$15,000</u>
State Cash Contribution:	<u>\$22,640</u>		
Total Cash Contribution:	<u>\$158,960</u>		

Note: See Action Plan budget page 31.

Description of In-kind: \$15,000 for staffing of program administration, the Northwest Regional Air Service Initiative – Mentor Program, and overall participation in the program

C. AIR SERVICE DEVELOPMENT ZONE: (CHECK BOX IF INTERESTED IN DESIGNATION) ☐

D. LOCAL AIRPORT INFORMATION: (WHERE SERVICE WOULD BE PROVIDED)

Note: The following airports/communities have committed to participate in Phase II of this project. This list will be expanded during Phase I to include up to 25 airports/communities.

Airport Name: Klamath Falls Airport
Airport City: Klamath Falls
Airport State: Oregon
Airport Code: LMT

Airport Name: Newport Municipal Airport
Airport City: Newport
Airport State: Oregon
Airport Code: ONP

Airport Name: Eastern Oregon Regional Airport
Airport City: Pendleton
Airport State: Oregon
Airport Code: PDT

Airport Name: Roberts Field
Airport City: Redmond
Airport State: Oregon
Airport Code: RDM

Airport Name: Salem Municipal Airport
Airport City: Salem
Airport State: Oregon
Airport Code: SLE

Airport Name: William R. Fairchild International Airport
Airport City: Port Angeles
Airport State: Washington
Airport Code: CLM

Airport Name: Grant County International Airport
Airport City: Moses Lake
Airport State: Washington
Airport Code: MWH

Airport Name: Pullman/Moscow Regional Airport
Airport City: Pullman
Airport State: Washington
Airport Code: PUW

Airport Name: Walla Walla Regional Airport
Airport City: Walla Walla
Airport State: Washington
Airport Code: ALW

Airport Name: Yakima Air Terminal
Airport City: Yakima
Airport State: Washington
Airport Code: YKM

LOCAL AIRPORT CLASSIFICATION: (BASED ON MOST RECENT FAA ENPLANEMENT DATA)

Klamath Falls Airport (LMT)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Newport Municipal Airport (ONP)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Eastern Oregon Regional Airport (PDT)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Roberts Field (RDM)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Salem Municipal Airport (SLE)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

William R. Fairchild International Airport (CLM)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Grant County International Airport (MWH)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Pullman/Moscow Regional Airport (PUW)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Walla Walla Regional Airport (ALW)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

Yakima Air Terminal (YKM)

☒ Non Hub ☐ Small Hub ☐ Medium Hub ☐ Other

EXISTING LANDING AIDS AT LOCAL AIRPORT:

Klamath Falls Airport (LMT)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Newport Municipal Airport (ONP)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Eastern Oregon Regional Airport (PDT)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Roberts Field (RDM)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Salem Municipal Airport (SLE)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB)

William R. Fairchild International Airport (CLM)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☐ Other

Grant County International Airport (MWH)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Pullman/Moscow Regional Airport (PUW)

☐ Full ILS ☐ Outer/Middle Marker ☒ Published Instrument Approach
☐ Localizer ☒ Other (GPS, VOR)

Walla Walla Regional Airport (ALW)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, NDB, VOR)

Yakima Air Terminal (YKM)

☒ Full ILS ☒ Outer/Middle Marker ☒ Published Instrument Approach
☒ Localizer ☒ Other (GPS, VOR)

EXISTING SERVICE: (CHECK ALL THAT APPLY)

Klamath Falls Airport (LMT)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Newport Municipal Airport (ONP)

☐ Jet service ☐ Low Fare Service ☐ Turboprop ☒ No Existing Service

Eastern Oregon Regional Airport (PDT)

☒ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Roberts Field (RDM)

☒ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Salem Municipal Airport (SLE)

☐ Jet service ☐ Low Fare Service ☐ Turboprop ☒ No Existing Service

William R. Fairchild International Airport (CLM)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Grant County International Airport (MWH)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Pullman/Moscow Regional Airport (PUW)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Walla Walla Regional Airport (ALW)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

Yakima Air Terminal (YKM)

☐ Jet service ☐ Low Fare Service ☒ Turboprop ☐ No Existing Service

AIR CARRIER(S) SERVING AIRPORT:

<u>Airport</u>	<u>Air Carriers</u>
1. Klamath Falls Airport (LMT)	Horizon Air
2. Newport Municipal Airport (ONP)	None
3. Eastern Oregon Regional Airport (PDT)	Horizon Air
4. Roberts Field (RDM)	Delta Connection, Horizon Air, United Express
5. Salem Municipal Airport (SLE)	None
6. William R. Fairchild Int'l Airport (CLM)	Kenmore Air Seaplanes, Northwest Seaplanes
7. Grant County International Airport (MWH)	Big Sky Airlines
8. Pullman/Moscow Regional Airport (PUW)	Horizon Air
9. Walla Walla Regional Airport (ALW)	Horizon Air
10. Yakima Air Terminal (YKM)	Horizon Air

CURRENT FLIGHT INFORMATION: (PLEASE PROVIDE ATTACHMENT IF YOU NEED MORE ROOM)

Klamath Falls Airport (LMT)

Number of non-stop roundtrip flights per destination:

PDX 20/week

Number of one-stop, single-plane roundtrip flights
per destination per week (identify services that are
seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats

Newport Municipal Airport (ONP)

Number of non-stop roundtrip flights per destination:

N/A

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

N/A

Eastern Oregon Regional Airport (PDT)

Number of non-stop roundtrip flights per destination:

PDX 7/week, SEA 12/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

PDX 12/week

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats

Roberts Field (RDM)

Number of non-stop roundtrip flights per destination:

PDX 69/week, SEA 33/week,
SFO 14/week, SLC 14/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats,
Embraer 120, 30 seats, CRJ 200, 50 seats

Salem Municipal Airport (SLE)

Number of non-stop roundtrip flights per destination:

N/A

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

N/A

William R. Fairchild International Airport (CLM)

Number of non-stop roundtrip flights per destination:

BFI 77/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

Cessna, 9 seats

Grant County International Airport (MWH)

Number of non-stop roundtrip flights per destination:

BOI 6/week, PDX 12/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

MSO 6/week

Aircraft Type (include number of seats):

Fairchild Metroliner, 19 seats

Pullman/Moscow Regional Airport (PUW)

Number of non-stop roundtrip flights per destination:

LWS 14/week, SEA 14/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

SEA 7/week

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats

Walla Walla Regional Airport (ALW)

Number of non-stop roundtrip flights per destination:

SEA 20/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats

Yakima Air Terminal (YKM)

Number of non-stop roundtrip flights per destination:

SEA 42/week

Number of one-stop, single-plane roundtrip flights per destination per week (identify services that are seasonal and dates of service):

N/A

Aircraft Type (include number of seats):

De Havilland Dash 8 200, 37 seats

ENPLANEMENTS (LAST FIVE CALENDAR YEARS TO THE EXTENT APPLICABLE)

Klamath Falls Airport (LMT)

2000 31,292

2003 28,110

2001 29,190

2004 27,370

2002 29,633

Newport Municipal Airport (ONP)

2000 0

2003 0

2001 0

2004 0

2002 0

Eastern Oregon Regional Airport (PDT)

2000 13,785

2003 8,873

2001 13,339

2004 7,454

2002 10,505

Roberts Field (RDM)

2000 161,713

2003 147,106

2001 158,670

2004 156,898

2002 144,582

Salem Municipal Airport (SLE)

2000 0
2001 0
2002 0

2003 0
2004 0

William R. Fairchild International Airport (CLM)

2000 25,659
2001 22,435
2002 22,339

2003 23,158
2004 11,978

Grant County International Airport (MWH)

2000 9,490
2001 8,200
2002 4,590

2003 4,340
2004 3,050

Pullman/Moscow Regional Airport (PUW)

2000 33,196
2001 28,128
2002 27,023

2003 24,108
2004 20,869

Walla Walla Regional Airport (ALW)

2000 31,478
2001 28,486
2002 28,070

2003 26,270
2004 25,235

Yakima Air Terminal (YKM)

2000 85,239
2001 73,622
2002 58,400

2003 54,410
2004 53,142

Source: Airport records (except MWH, Data Base Products, Inc.)

E. AIRFARES: (PROVIDE CURRENT AVAILABLE AIRFARES FOR TOP 3 O&D MARKETS-IF APPLICABLE)

Klamath Falls Airport (LMT)

O&D Market: Portland, OR
O&D Market: Seattle, WA
O&D Market: Los Angeles, CA

Airfare: \$320
Airfare: \$284
Airfare: \$406

Newport Municipal Airport (ONP)

O&D Market: N/A
O&D Market: N/A
O&D Market: N/A

Airfare: _____
Airfare: _____
Airfare: _____

Eastern Oregon Regional Airport (PDT)

O&D Market: Portland, OR

Airfare: \$324

O&D Market: Seattle, WA

Airfare: \$334

O&D Market: Las Vegas, NV

Airfare: \$468

Roberts Field (RDM)

O&D Market: Portland, OR

Airfare: \$210

O&D Market: Seattle, WA

Airfare: \$310

O&D Market: San Francisco, CA

Airfare: \$389

Salem Municipal Airport (SLE)

O&D Market: N/A

Airfare:

O&D Market: N/A

Airfare:

O&D Market: N/A

Airfare:

William R. Fairchild International Airport (CLM)

O&D Market: Seattle, WA (BFI)

Airfare: \$95

O&D Market: N/A

Airfare:

O&D Market: N/A

Airfare:

Grant County International Airport (MWH)

O&D Market: Seattle, WA

Airfare: \$304

O&D Market: Spokane, WA

Airfare: \$92

O&D Market: Portland, OR

Airfare: \$130

Pullman/Moscow Regional Airport (PUW)

O&D Market: Seattle, WA

Airfare: \$330

O&D Market: Portland, OR

Airfare: \$330

O&D Market: Los Angeles, CA

Airfare: \$458

Walla Walla Regional Airport (ALW)

O&D Market: Seattle, WA

Airfare: \$290

O&D Market: Sacramento, CA

Airfare: \$458

O&D Market: Ontario, CA

Airfare: \$438

Yakima Air Terminal (YKM)

O&D Market: Seattle, WA

Airfare: \$150

O&D Market: Las Vegas, NV

Airfare: \$374

O&D Market: Phoenix, AZ

Airfare: \$470

Source: Destinations - Data Base Products, Inc.; Airfare - Apollo Computer Reservation System, April 18, 2005, Round trip ticket, no more than 1 day minimum stay, no more than 7 days advance purchase, round trip (taxes included/PFC & surcharges excluded)

F. PROXIMITY OF OTHER AIRPORTS: (BASED ON MOST RECENT FAA ENPLANEMENT DATA)

What is your closest:

Klamath Falls Airport (LMT)

Non-hub (w/jet service)	Name	<u>Rouge Valley Int'l Medford Airport (MFR)</u>	Distance	<u>80 miles</u>
Small Hub	Name	<u>Boise Airport (BOI)</u>	Distance	<u>420 miles</u>
Medium Hub	Name	<u>Reno/Tahoe Int'l Airport (RNO)</u>	Distance	<u>250 miles</u>
Large Hub	Name	<u>San Francisco Int'l Airport (SFO)</u>	Distance	<u>357 miles</u>
Low-fare service	Name	<u>Rouge Valley Int'l Medford Airport (MFR)</u>	Distance	<u>80 miles</u>

Newport Municipal Airport (ONP)

Non-hub (w/jet service)	Name	<u>Eugene Airport (EUG)</u>	Distance	<u>94 miles</u>
Small Hub	Name	<u>Spokane Int'l Airport (GEG)</u>	Distance	<u>479 miles</u>
Medium Hub	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>125 miles</u>
Large Hub	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>294 miles</u>
Low-fare service	Name	<u>Eugene Airport (EUG)</u>	Distance	<u>94 miles</u>

Eastern Oregon Regional Airport (PDT)

Non-hub (w/jet service)	Name	<u>Tri-cities Airport (PSC)</u>	Distance	<u>65 miles</u>
Small Hub	Name	<u>Spokane Int'l Airport (GEG)</u>	Distance	<u>195 miles</u>
Medium Hub	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>205 miles</u>
Large Hub	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>283 miles</u>
Low-fare service	Name	<u>Spokane Int'l Airport (GEG)</u>	Distance	<u>195 miles</u>

Roberts Field (RDM)

Non-hub (w/jet service)	Name	<u>Eugene Airport (EUG)</u>	Distance	<u>140 miles</u>
Small Hub	Name	<u>Boise Airport (BOI)</u>	Distance	<u>321 miles</u>
Medium Hub	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>145 miles</u>
Large Hub	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>302 miles</u>
Low-fare service	Name	<u>Eugene Airport (EUG)</u>	Distance	<u>140 miles</u>

Salem Municipal Airport (SLE)

Non-hub (w/jet service)	Name	<u>Eugene Airport (EUG)</u>	Distance	<u>68 miles</u>
Small Hub	Name	<u>Spokane Int'l Airport (GEG)</u>	Distance	<u>395 miles</u>
Medium Hub	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>64 miles</u>
Large Hub	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>212 miles</u>
Low-fare service	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>64 miles</u>

William R. Fairchild International Airport (CLM)

Non-hub (w/jet service)	Name	<u>Tri-cities Airport (PSC)</u>	Distance	<u>304 miles</u>
Small Hub	Name	<u>Spokane Int'l Airport (GEG)</u>	Distance	<u>354 miles</u>
Medium Hub	Name	<u>Portland Int'l Airport (PDX)</u>	Distance	<u>235 miles</u>
Large Hub	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>92 miles</u>
Low-fare service	Name	<u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>92 miles</u>

Grant County International Airport (MWH)

Non-hub (w/jet service)	Name <u>Tri-cities Airport (PSC)</u>	Distance	<u>78 miles</u>
Small Hub	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>108 miles</u>
Medium Hub	Name <u>Portland Int'l Airport (PDX)</u>	Distance	<u>280 miles</u>
Large Hub	Name <u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>186 miles</u>
Low-fare service	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>108 miles</u>

Pullman/Moscow Regional Airport (PUW)

Non-hub (w/jet service)	Name <u>Tri-cities Airport (PSC)</u>	Distance	<u>139 miles</u>
Small Hub	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>82 miles</u>
Medium Hub	Name <u>Portland Int'l Airport (PDX)</u>	Distance	<u>348 miles</u>
Large Hub	Name <u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>297 miles</u>
Low-fare service	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>82 miles</u>

Walla Walla Regional Airport (ALW)

Non-hub (w/jet service)	Name <u>Tri-cities Airport (PSC)</u>	Distance	<u>53 miles</u>
Small Hub	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>180 miles</u>
Medium Hub	Name <u>Portland Int'l Airport (PDX)</u>	Distance	<u>243 miles</u>
Large Hub	Name <u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>282 miles</u>
Low-fare service	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>180 miles</u>

Yakima Air Terminal (YKM)

Non-hub (w/jet service)	Name <u>Tri-cities Airport (PSC)</u>	Distance	<u>85 miles</u>
Small Hub	Name <u>Spokane Int'l Airport (GEG)</u>	Distance	<u>202 miles</u>
Medium Hub	Name <u>Portland Int'l Airport (PDX)</u>	Distance	<u>173 miles</u>
Large Hub	Name <u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>138 miles</u>
Low-fare service	Name <u>Seattle/Tacoma Int'l Airport (SEA)</u>	Distance	<u>138 miles</u>

Source: Hub classification = FAA ACAIS CY 2003; mileage = Microsoft MapPoint 2004

Section 2. Proposal highlights

This Small Community Air Service Development Program grant application for the Northwest Regional Air Service Initiative meets the criteria set out in Docket OST-2005-20127. The Northwest Regional Air Service Initiative is a consortium of the Oregon Airport Management Association (OAMA), Washington Airport Management Association (WAMA), Oregon Department of Aviation, and the Washington Department of Transportation – Aeronautics Division. The Oregon Department of Aviation, the application sponsor, is requesting \$180,570 in federal funding to create a unique self-help air service development program in Oregon and Washington. The project goals include improving air service to a broad section of the traveling public in Oregon and Washington, provide better access to the national air transportation system, and engage and assist smaller communities in Oregon and Washington in finding solutions to regional air service issues.

Air service issue

Air service in smaller markets in Oregon and Washington has deteriorated to the point that many markets are both underserved and overpriced. The relationships between regional carriers and major airlines and fleet trends away from smaller turboprop aircraft are increasing the number of communities in Oregon and Washington that have critical air service issues. The problems created by these trends are regional in nature and predicted to make future air service improvements even more difficult for smaller communities in Oregon and Washington. Unfortunately, in smaller communities there is little understanding of the critical air service issues and/or how to effectively address them. As a result, the small community air service problems continue to worsen.

Solid plan with a defined schedule

The concept proposed herein promises to engage communities at the local level in first understanding the dynamics that are impacting their air service and, second, what they need to do to effectively address the problems. The Action Plan to accomplish the goals mentioned above includes (1) developing and providing a self-help Small Community Air Service Development Tool Kit and Mentor Program for smaller air service markets in Oregon and Washington, (2) promoting the collection of air travel market data in these same communities to facilitate the analysis of each market, and (3) developing strategies for implementing broad air service network improvements in these two states. At completion of the project, communities in these states will be engaged and educated regarding regional air service, have completed the research to more accurately evaluate their air market (needs and strength), and have a well considered strategy for collectively addressing the air service issues that plague small communities in the Northwest.

Broad support of communities and airports

This application and the Action Plan contained herein have the full support of the Oregon Department of Aviation, the Washington Department of Transportation – Aeronautics Division, OAMA, and WAMA. Further, the self-help concept at the heart of the Action Plan was developed through the collaborative efforts of the members of these two airport management organizations. These are the people that are face-to-face every day with the small community air service problems that exist throughout the Northwest. This is their application and their Action Plan. Accordingly, it has the complete support of the airports

represented in OAMA and WAMA as well as the support of both state government aviation organizations. As envisioned, the Action Plan includes the organizations mentioned above plus as many as 25 participating communities. Collectively, this group will provide 46.8 percent of the total cash requirement. Additionally, all community financial participation will come from non-airport sources.

Strong ability to implement project

All of the parties have agreed to fund their respective shares of this project. Since the genesis for the project was the airport operators in Oregon and Washington, they are 100 percent engaged in completing the work envisioned and implementing air service improvements. They are facing tough air service issues and need the assistance proffered by the Small Community Air Service Development Program. Much of the Action Plan is about self-help and active participation in solving air service issues. Accordingly, not implementing the project plan is not an option for these participants.

Multiple sectors of the community will benefit from the proposed plan

This project will affect multiple sectors of many smaller communities throughout Oregon and Washington. As with most air service initiatives, the connectivity provided by commercial air service is key to the economic health of many of the communities that will avail themselves of this project's elements. For certain, the successful completion of this project has the potential to benefit business travel as well as education, government, and tourism in smaller communities in Oregon and Washington.

Section 3. Air service background

Pacific Northwest air service background

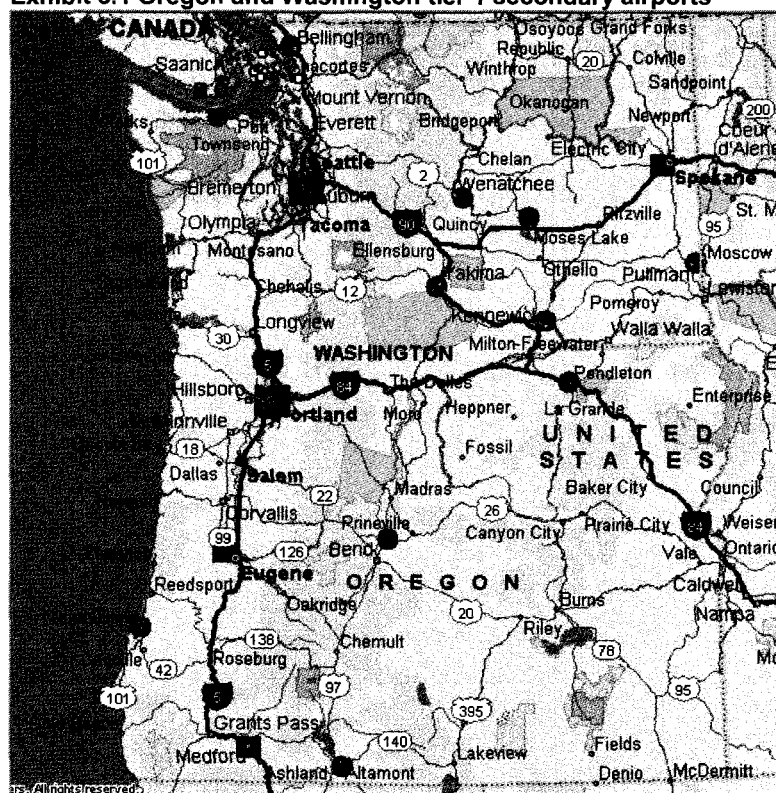
Pacific Northwest (Oregon and Washington) air service involves a hierarchy of airport services that have distinguishing features. Each state has a major airport, Portland International Airport and Seattle-Tacoma International Airport. Though Seattle-Tacoma International Airport is the larger of the two, each airport has an attractive array of nonstop destinations including a limited number of international destinations. The area's mid-level airports are composed of Eugene Airport, Medford's Rogue Valley International Airport, and Spokane International Airport each with nine to 13 nonstop destinations. The next level or secondary airports are included in Table 3.1. Primary service at these secondary airports is provided by 19 to 37-seat turboprop aircraft though Redmond and Pasco have limited jet service. Port Angeles is currently an exception with service being provided by smaller aircraft having recently lost their larger turboprop service. Also included in the secondary airports are those serving the San Juan Islands which consist of airports at Mt. Vernon, Lopez Island, Friday Harbor, Roche Harbor, and Eastsound or Orcas Island Airport. This service is characterized by small aircraft with some destinations served by seaplanes. In addition, secondary airports consist of airports which don't currently have air service. This represents over 60 general aviation airports in Oregon and Washington.

Table 3.1 Oregon and Washington secondary airports

Tier 1	Tier 2	Tier 3
Klamath Falls, OR		Includes all general aviation airports in Oregon and Washington
North Bend, OR		
Pendleton, OR		
Redmond, OR		
Bellingham, WA	Eastsound, WA	
Moses Lake, WA	Friday Harbor, WA	
Pasco, WA	Lopez Island, WA	
Port Angeles, WA	Mt. Vernon, WA	
Pullman, WA	Roche Harbor, WA	
Walla Walla, WA		
Wenatchee, WA		
Yakima, WA		

The focus of this grant application is the area's secondary airports. Air service at these airports ranges from no service to service to only one destination, either Portland or Seattle. Redmond and Pasco are exceptions with service to both Portland and Seattle as well as limited service to Denver, Salt Lake City, and/or San Francisco. With the exception of these two communities, this results in backhaul routings for eastbound air travelers from Moses Lake, Pendleton, Pullman, Walla Walla, Wenatchee, and Yakima. Backhaul routings are also required of south bound air travelers from Klamath Falls and North Bend. Intrastate travel or interstate travel between these secondary cities almost always involves backhaul or circuitous routing and is almost prohibitively expensive. The prevailing routings available from these secondary airports are sufficiently circuitous and costly to detract from the convenience of these airports which results in high degrees of diversion to the larger airports.

Exhibit 3.1 Oregon and Washington tier 1 secondary airports



Factors affecting air service

Air service in Oregon and Washington has been primarily affected by three factors: (1) a reduction in the number of available smaller turboprop aircraft, (2) a change in the fleet mix of the Northwest's regional airlines, and (3) the combination of market sizes and airline hub locations.

All indications are that the regional airlines that have historically served secondary markets in the Northwest are moving away from serving these smaller communities in Oregon and Washington. There is a limited and declining number of 19, 30, and 37-seat turboprop aircraft as well as a scarcity of 50-seat or less regional jets in the fleets of the Northwest's primary airline service providers. A shortage of "right size" aircraft is hurting air service in Oregon and Washington. It is no secret that the airlines are fast phasing out smaller turboprop aircraft that have provided the backbone of commercial air service in smaller communities since the early 1980s. Typically, the seating capacity of these aircraft ranged from 19 to 30 seats. They were well suited for operating in smaller markets with relatively short stage lengths. Unfortunately, many communities are too small to accommodate the higher seating capacity regional jets and/or the longer stage length associated with their operating profiles. The following aircraft fleet breakdown for Horizon Air and SkyWest Airlines, the primary service providers to secondary markets in Oregon and Washington, reflect that these airlines are moving to jet aircraft and/or aircraft with higher seating capacities. Accordingly, as the fleet mix of these two airlines evolve more communities in Oregon and Washington will suffer added service reductions.

Table 3.2 Regional airline fleets

Airline	Aircraft type	Number	Seats	Remarks
Horizon Air	CRJ 700	17	70	Adding 1 aircraft in 2006
	Dash 8 Q400	17	74	15 aircraft options
	Dash 8 200	28	37	No new aircraft, phasing out
SkyWest Airlines	CRJ 200/700	137	50-70	Adding aircraft
	Embraer 120	73	30	91 aircraft in 2001, phasing out over next 8 years

Source: SkyWest Airlines and Horizon Air

Looking to the future, airline orders for new aircraft do not offer hope for smaller, Northwestern markets. Table 3.3 reflects aircraft orders and options through 2016. Two things about this information are key to forecasting air service trends. First, there are no domestic orders or options for turboprop aircraft with less than 74 seats. Horizon Air, the single airline interested in new turboprop equipment, has options for 15 de Havilland Dash 8-Q400 aircraft (74-seat). Second, there are lots of regional jets on the books, but only 82 out of a total of 2,062 orders/options have less than 50 seats. It is clear that these regional jets are not slated to replace turboprop flying in many smaller markets in the Northwest. It is also clear that in the future realizing improvements in smaller air service markets in Oregon and Washington is going to get even more difficult.

Table 3.3 Regional aircraft orders and options 2004-2016

Aircraft type	Power	Seats	Options	Order	Total
Canadair CRJ 100/200/440	Jet	50	569	125	694
Canadair CRJ 700	Jet	70	315	70	385
Canadair CRJ 900	Jet	90	10	23	33
DHC 8-400	Turbo	68-78	15	0	15
Embraer 135	Jet	37	25	17	42
Embraer 140	Jet	44	20	20	40
Embraer 145	Jet	50	326	118	444
Embraer 170	Jet	70-78	87	86	173
Embraer 190	Jet	98-108	100	100	200
Total			1,467	559	2,026

Source: Back Aviation Solutions

Another factor affecting the area's air service is the combination of market sizes and airline hub locations. With the exception of Portland and Seattle, market sizes will support only minimal point-to-point service with the bulk of destinations being accessed via service to hubs. While Portland and Seattle are considered hubs, their effectiveness in this role is somewhat limited since their geographic locations result in very few markets of consequence to the west or north. The other major hubs serving the Pacific Northwest, San Francisco, Salt Lake City, and Denver, are over 500 miles distant. The combination of market size, distance, and compatible aircraft size minimizes or eliminates their usefulness to secondary Oregon and Washington markets. The net result is circuitous and/or backhaul routings via Portland and Seattle and a somewhat diminished quality of air service.

Past air service development efforts

Many communities in Oregon and Washington have undertaken air service development efforts over the past five years. Table 3.4 lists several of these air service development efforts.

Proposal under the Small Community Air Service Development Program
Docket #OST-2005-20127

Table 3.4 Past air service development efforts

Airport/organization	Date	Initiative	Result
Oregon Department of Aviation	June-02	Air service action plan	Completed
Klamath Falls, OR	April-04	Passenger Demand Analysis	Completed
	April-04	Market Airfare Analysis	Completed
Redmond, OR	June-03	SCASDP application	Successful
	February-04	Passenger Demand Analysis	Completed
	November-04	Delta Air Lines to Salt Lake City	Successful
Salem, OR	October-03	Passenger Core Market Analysis	Completed
	May-04	SCASDP application	Successful
Everett, WA	September-04	Passenger Core Market Analysis	Completed
	September-04	Business Travel Survey	Completed
Olympia, WA	April-02	SCASDP application	Unsuccessful
Port Angeles, WA	May-04	Passenger Demand Analysis	Completed
Pullman, WA	2003	Air Passenger Demand Study	Completed
Walla Walla, WA	May-04	SCASDP application	Successful
Yakima, WA	April-02	Passenger Demand Analysis	Completed
	March-05	Passenger Demand Analysis	Completed

Current/historical air service

Table 3.5 is a synopsis of historical air service in secondary Oregon and Washington markets. While there is some variation by individual markets, the general pattern in recent years is characterized by declining enplanements and a loss of competition and/or nonstop destinations in some instances. In almost all cases, the driving factor or result has been a loss of capacity/service.

Proposal under the Small Community Air Service Development Program
Docket #OST-2005-20127

Table 3.5 Historical air service

Airport	Airline	Destination	1998	1999	2000	2001	2002	2003	2004
Klamath Falls, OR	Horizon Air	Portland, OR							
North Bend, OR	Horizon Air	Portland, OR							
Pendleton, OR	Horizon Air	Portland, OR							
		Pasco, WA							
		Walla Walla, WA							
Redmond, OR	Horizon Air	Portland, OR							
		Seattle, WA							
	United	San Francisco, CA							
Bellingham, WA	Allegiant Air	Las Vegas, NV							
	Horizon Air	Orcas Island, WA							
		Seattle, WA							
	United	Seattle, WA							
	West Isle Air	Orcas Island, WA							
Moses Lake, WA	Horizon Air	Seattle, WA							
		Wenatchee, WA							
	Big Sky	Seattle, WA							
		Spokane, WA							
Olympia, WA	Big Sky	Spokane, WA							
Pasco, WA	Delta	Salt Lake City, UT							
		Spokane, WA							
		Pendleton, OR							
	Horizon Air	Portland, OR							
		Seattle, WA							
		Walla Walla, WA							
		Denver, CO							
	United	Portland, OR							
		Seattle, WA							
Port Angeles, WA	Horizon Air	Oak Harbor, WA							
		Seattle, WA							
	Kenmore Air	Boeing Field, WA							
Pullman, WA	Northwest Seaplanes	Boeing Field, WA							
		Lewiston, ID							
	Horizon Air	Seattle, WA							
Walla Walla, WA	Horizon Air	Pasco, WA							
		Pendleton, OR							
		Seattle, WA							
	United	Wenatchee, WA							
Wenatchee, WA	Horizon Air	Moses Lake, WA							
		Seattle, WA							
	United	Seattle, WA							
Yakima	Horizon Air	Walla Walla, WA							
		Seattle, WA							
	United	Portland, OR							
		Seattle, WA							

Source: Back Aviation Solutions

Table 3.6 provides historical enplanements for the airports listed in Table 3.5.

Table 3.6 Historical enplanements

Airport	Enplanements						
	1998	1999	2000	2001	2002	2003	2004
Klamath Falls, OR	27,140	31,890	30,400	28,350	28,560	26,860	25,473
North Bend, OR	24,530	29,070	28,120	28,240	29,470	29,040	29,378
Pendleton, OR	13,330	13,890	13,420	13,100	10,440	8,530	7,414
Redmond, OR	114,020	128,040	140,670	131,300	119,800	123,780	131,506
Bellingham, WA	87,980	90,940	99,550	83,870	66,930	60,390	72,703
Moses Lake, WA	10,130	10,830	9,490	8,200	4,590	4,340	3,126
Olympia, WA	0	0	0	0	816	6,969	4,313
Pasco, WA	184,550	191,520	198,280	192,390	200,100	200,600	204,963
Port Angeles, WA	26,920	27,580	25,500	22,300	22,080	22,430	7,557
Pullman, WA	27,040	32,300	31,510	26,230	26,010	22,470	17,913
Walla Walla, WA	23,000	29,550	30,450	27,280	27,400	25,340	23,648
Wenatchee, WA	49,620	49,430	46,350	45,140	39,180	38,270	36,979
Yakima, WA	83,610	82,700	80,530	67,750	55,590	51,210	47,584

Source: Data Base Products, Inc. – 4th quarter 2004 estimated.

Table 3.7 is a summary of current air service in secondary Oregon and Washington markets. The bulk of the service is provided in 19, 30, and 37-seat turboprop aircraft flown by Horizon Air, Big Sky Airlines, and United Express. Regional jet service is limited to the Redmond-Salt Lake City market and the Pasco-Denver/Salt Lake City markets. Delta Air Lines also operates two daily mainline jet round trips in the Pasco-Salt Lake City market. Service is focused on Portland and Seattle.

Table 3.7 Current air service

Market	Non-stop destinations	Weekly departures	Carrier	Equipment type	One stop connections
Klamath Falls, OR	Portland	20	Horizon Air	de Havilland Dash 8	48
North Bend, OR	Portland	20	Horizon Air	de Havilland Dash 8	48
Pendleton, OR	Portland	1	Horizon Air	de Havilland Dash 8	48
	Pasco	18	Horizon Air	de Havilland Dash 8	4
Redmond, OR	Portland	69	Horizon Air/ United Express	de Havilland Dash 8/ Embraer 120	48
	Salt Lake City	14	Delta Connection	CRJ 200	87
	San Francisco	14	United Express	Embraer 120	82
	Seattle	33	Horizon Air	de Havilland Dash 8	84
Bellingham, WA	Seattle	49	Horizon Air	de Havilland Dash 8	84
Moses Lake, WA	Boise	6	Big Sky	Fairchild Metro	23
	Portland	12	Big Sky	Fairchild Metro	48
Pasco, WA	Denver	14	United Express	CRJ 200	132
	Pendleton	18	Horizon Air	de Havilland Dash 8	0
	Portland	19	Horizon Air	de Havilland Dash 9	48
	Salt Lake City	48	Delta Connection	CRJ 200/ Boeing 737	87
	Seattle	61	Horizon Air/ United Express	de Havilland Dash 8/ Embraer 120	84
Port Angeles, WA	Seattle (BFI)	77	NW Seaplanes/ Kenmore Air	Cessna	2
Pullman, WA	Lewiston, ID	14	Horizon Air	de Havilland Dash 8	3
	Seattle	14	Horizon Air	de Havilland Dash 8	84
Walla Walla, WA	Seattle	20	Horizon Air	de Havilland Dash 8	84
Wenatchee, WA	Seattle	28	Horizon Air	de Havilland Dash 8	84
Yakima, WA	Seattle	42	Horizon Air	de Havilland Dash 8	84

Source: Official Airline Guide – week of February 21, 2005

Section 4. Air service issues

Air service issues

Many secondary airports in Oregon and Washington are struggling with the following air service issues:

1. Air service in secondary markets in Oregon and Washington has deteriorated to the point that many of these markets are both underserved and overpriced.
2. Regional airline relationships and aircraft fleet trends are increasing the number of communities in Oregon and Washington that have critical air service issues.
3. Trends in the regional airline industry will make future air service improvements even more difficult for smaller communities in Oregon and Washington.
4. Critical air service issues exist in many communities in Oregon and Washington, but most local leaders have little understanding of the issues and/or how to effectively address them.

Underserved markets

The decline in air service in secondary markets in Oregon and Washington is not a new phenomenon. It has been in process over a number of years but is rapidly reaching critical proportions. This is best illustrated by the reality that at the present time the capital city of neither state has scheduled commercial air service, and the outlook is less than rosy for most of the communities in the region that currently have commercial air service.

The aftermath of September 11, 2001 and the dynamics of the commercial airline industry only served to exacerbate the situation. Post September 11, 2001, many communities experienced reductions in air service. Others have not realized long needed improvements to existing service. Further, communities that have not had air service in the recent past have found that opportunities for obtaining air service do not exist. The outcome is many Northwestern communities are underserved and often overpriced. Unfortunately, the problem is not isolated to a few communities, it is widespread and systemic.

To be more specific, Table 4.1 outlines the change that has occurred in secondary Oregon and Washington markets from immediately prior to September 11, 2001 (July 2001) to present (March 2005). Across the board, secondary airports in Oregon and Washington have experienced huge reductions in air service (seats and trips per week) to the point that many of these markets are grossly underserved.

Proposal under the Small Community Air Service Development Program
Docket #OST-2005-20127

Table 4.1 Air service in Oregon and Washington - 2001 vs. 2005

Airport	July 2001		March 2005		Change			
	Weekly	Weekly	Weekly	Weekly	Trips	%	Seats	%
Klamath Falls, OR	54	2,052	40	1,520	(14)	-25.9%	(532)	-25.9%
North Bend, OR	56	2,128	40	1,520	(16)	-28.6%	(608)	-28.6%
Pendleton, OR	66	2,508	38	1,444	(28)	-42.4%	(1,064)	-42.4%
Redmond, OR	316	10,888	260	9,448	(56)	-17.7%	(1,440)	-13.2%
Bellingham, WA	208	7,248	106	4,924	(102)	-49.0%	(2,324)	-32.1%
Moses Lake, WA	36	1,368	36	684	-	0.0%	(684)	-50.0%
Pasco, WA	418	15,224	294	11,364	(124)	-29.7%	(3,860)	-25.4%
Port Angeles, WA	54	2,052	77	693	23	42.6%	(1,359)	-66.2%
Pullman, WA	56	2,128	54	2,052	(2)	-3.6%	(76)	-3.6%
Walla Walla, WA	56	2,128	40	1,520	(16)	-28.6%	(608)	-28.6%
Wenatchee, WA	96	3,648	56	2,128	(40)	-41.7%	(1,520)	-41.7%
Yakima, WA	210	7,324	84	3,192	(126)	-60.0%	(4,132)	-56.4%

Source: Official Airline Guide

Note: Trips and seats are outbound plus inbound

High airfares

Unfortunately, the airfare picture for secondary Oregon and Washington markets is not pretty. Cutbacks in air service have been accompanied by higher average airfares. Table 4.2 compares changes in the number of fare paying passengers and the average fare paid between the year ending June 30, 2001 (pre September 11, 2001) and the year ending June 30, 2004. In general, these secondary markets paint a consistent picture; airfares are up significantly and passenger traffic is down. The Port Angeles and Moses Lake exceptions are the result of Horizon Air with its code-share arrangements being replaced by carriers with limited or no code-share arrangements. The result is reported traffic that is essentially local traffic to Seattle compared to a mix of local and beyond traffic that was previously carried by Horizon Air. With the exception of Moses Lake and Port Angeles, airline reduction in capacity in these secondary markets has allowed the airlines to increase airfares to the point that these markets are overpriced. If this trend continues, more people will drive from these secondary markets to larger competing airports to access low airfares. As passenger traffic decreases at the secondary airports, airlines serving these airports will again raise prices to compensate for lost traffic, and the cycle will continue until the airline eliminates service for lack of passenger traffic.

Table 4.2 Airfares in Oregon and Washington - 2001 vs. 2004

Airport	Fared passengers				Average fare			
	YE 3Q 2001	YE 3Q 2004	Change		YE 3Q 2001	YE 3Q 2004	Change	
Klamath Falls, OR	57,650	48,830	(8,820)	-15.3%	\$ 150.53	\$ 178.91	\$ 28.38	18.9%
North Bend, OR	54,690	54,180	(510)	-0.9%	\$ 135.50	\$ 167.54	\$ 32.04	23.6%
Pendleton, OR	27,790	14,230	(13,560)	-48.8%	\$ 130.32	\$ 164.16	\$ 33.84	26.0%
Redmond, OR	268,230	236,190	(32,040)	-11.9%	\$ 151.26	\$ 171.80	\$ 20.54	13.6%
Bellingham, WA	179,660	138,500	(41,160)	-22.9%	\$ 154.34	\$ 163.23	\$ 8.89	5.8%
Moses Lake, WA	18,740	6,810	(11,930)	-63.7%	\$ 129.30	\$ 121.28	\$ (8.02)	-6.2%
Pasco, WA	403,140	406,760	3,620	0.9%	\$ 178.53	\$ 189.08	\$ 10.55	5.9%
Port Angeles, WA	47,520	21,570	(25,950)	-54.6%	\$ 125.46	\$ 96.80	\$ (28.66)	-22.8%
Pullman, WA	55,560	39,040	(16,520)	-29.7%	\$ 141.37	\$ 170.47	\$ 29.10	20.6%
Walla Walla, WA	57,790	47,600	(10,190)	-17.6%	\$ 133.62	\$ 157.02	\$ 23.40	17.5%
Wenatchee, WA	94,140	74,500	(19,640)	-20.9%	\$ 126.15	\$ 162.13	\$ 35.98	28.5%
Yakima, WA	151,340	97,090	(54,250)	-35.8%	\$ 143.64	\$ 164.52	\$ 20.88	14.5%

Source: Data Base Products, Inc.

Communities are unprepared to address air service issues

The first step in addressing any problem is to understand the nature of the problem and, realistically, what can be done. More often than not, smaller communities that want or need air service improvements seldom have enough information to understand the problem or what action is needed to effectively find solutions. Each year, armed only with a smile and a "promise" of support, hundreds of well intended community leaders from smaller cities visit airline headquarters to plead for air service improvements. They are politely received, but most often, return home empty handed.

In most cases, the issues that contribute to air service problems in smaller markets are more complicated than anticipated by community leaders. In fact, air service issues in smaller communities often have little to do with whether or not the community can support service. Instead, the problem may relate to an airline's competitive strategy, fleet plan, or some other less obvious consideration that ends up directly effecting air service in the community. It is imperative leaders in smaller communities understand the air service landscape sufficiently to effectively address the air service issues faced by their communities. The economic health of many communities depends on it.

Members of OAMA and WAMA have more than their share of air service issues. Also, they understand the role that community leaders must fill in air service initiatives. Unfortunately, in many smaller communities there is no one to educate and/or provide direction when air service problems arise. At the same time, smaller communities in Oregon and Washington are currently facing major systemic issues with air service to the region. Collective action by smaller communities in these two states offers the best chance of halting the rapidly accelerating downward trend of air service options. However, before tackling the air service issues, OAMA and WAMA believe that these communities must (1) become informed about and understand the "fight they are in", and (2) understand that local commitment and involvement is critical to solving air service issues in smaller communities.

Section 5. Action plan

Public-private partnership

The Oregon Department of Aviation is the sponsor for this application. For the purpose of this application, the Oregon Department of Aviation, the Washington Department of Transportation – Aeronautics Division, OAMA, and WAMA have formed a public-private partnership. Collectively, this partnership is committed to completing the Action Plan outlined herein. The roles of the partners in execution of the Action Plan are discussed below. The Oregon Department of Aviation will execute all grant offers, process reimbursements requests, and oversee grant administration. Robert Hidley, AAE, Director, is the contact at the Oregon Department of Aviation. Alternatively, Robert Noble, Airport Manager at the Eugene Airport, and Jeff Robb, Airport Director at William R. Fairchild International Airport, are the contacts.

Project goals

Across the United States, communities are in various stages of attempting to understand and address local air service issues. In this respect, communities in Oregon and Washington are no different, but the issue looms large due to the size of the states and the distances between airports. Further, industry trends and the fleet plans of Northwestern regional airlines point to the situation getting worse not better for communities in these two states.

OAMA and WAMA have joined with their respective state aviation organizations to file this application because they believe:

- Individual communities that desire air service improvements must be informed, actively engaged, and committed to finding solutions.
- The systemic nature of air service issues in Oregon and Washington is most effectively addressed with a collective approach.
- Focusing airline attention on air service issues in small communities will require a broad, coordinated approach involving community leaders, political representatives, business interests, and others.

The goals for the Action Plan contained herein are to:

1. Improve air service to a broad section of the Oregon and Washington traveling community;
2. Provide better access from secondary markets in Oregon and Washington to the national air transportation system;
3. Engage smaller communities in Oregon and Washington in finding solutions to regional air service issues.

Action plan

The approach for accomplishing the project goals are:

- Provide all secondary communities in Oregon and Washington that desire air service improvements with self-help tools to understand, evaluate, and become actively engaged in air service solutions at the local level.

- Identify secondary communities in Oregon and Washington that can support enhanced or new air service and develop strategies for implementing broad air service improvements in these two states.

The public-private partnership proposes to accomplish the Project Goals by implementing a creative three phase Action Plan labeled the **Northwest Regional Air Service Initiative**. The first phase is the development of a Small Community Air Service Development Tool Kit. The second phase, the Small Community Air Service Market Analysis, is a program to co-fund the collection of critical information on air travel needs in individual communities. The third and final phase includes completion of the Oregon-Washington Small Community Air Service Strategies.

Phase I. Small Community Air Service Development Tool Kit

To provide direction for small communities interested in air service improvements, a Small Community Air Service Development Tool Kit will be developed as part of the Northwest Regional Air Service Initiative. The Small Community Air Service Development Tool Kit is planned as a first step, self-help mechanism for communities to use to effectively engage and address local air service issues. For most communities, the first obstacle in the air service development process is "finding the handle"; knowing what needs to be done and how to go about it. The reality is that nearly every community would like to have new or better air service, but securing and supporting their air service wish list is another matter. Generally, smaller communities have little experience developing air service initiatives and few have resources earmarked for this purpose.

This phase of the project is designed to provide tools that inform and educate local community leaders with regard to the airline industry, air service development, and the necessary role of the community in air service initiatives. The Small Community Air Service Development Tool Kit will be divided into two sections. The Small Community Air Service Development Tool Kit will provide a comprehensive summary of airline industry and air service development information critical to understanding and addressing local air service issues. The output of this effort will be a package that includes: (1) a 30 to 45 minute air service presentation in the form of a DVD or video that individual communities may use to educate local leaders regarding air service development; and (2) the Small Community Air Service Handbook. The handbook will be a narrative on air service that supplements the audio visual presentation with more information and detail on the airline industry and guidance on air service development. The following outline reflects the plan for Phase I. Small Community Air Service Development Tool Kit:

Phase I. Small Community Air Service Development Tool Kit – Outline

(Includes: (1) DVD and (2) Small Community Air Service Handbook)

- A. Why is air service important?
- B. Northwest Regional Air Service Initiative
- C. The air service development process
- D. Airline industry
 1. Financial
 2. Airline status (major and regional)
 3. Low fare carriers

Proposal under the Small Community Air Service Development Program

Docket #OST-2005-20127

4. Emerging airlines
5. Third tier airlines and general aviation alternatives
6. Airline expansion
7. Hub system
8. Airline route systems
- E. Airline aircraft fleet
 1. Jet vs. turboprop orders and replacements
 2. Regional airline fleet trends
 3. Service providers and aircraft
 4. Matching aircraft to markets (frequency vs. capacity)
 5. Aircraft economics
- F. Connecting airports
 1. Airport costs
 2. Accommodations
 3. Code-shares
- G. Air service development in small communities
 1. Barriers-to-entry
 2. Post September 11, 2001 environment
 3. Small Community Air Service Development Program
 4. Competition for air service
- H. Airport facility and airport operating requirements
 1. Air carrier airport infrastructure
 2. Air carrier airport regulatory requirements
- I. Community involvement and support
 1. Community role
 2. Airline risk mitigation
 3. Air service incentives
 4. Market analysis
 - a. Description
 - b. Funding
- J. Northwest Regional Air Service Initiative – Mentor Program
- K. Next steps for small communities in Oregon and Washington
 1. Phase II and Phase III
 2. Community eligibility criteria and process
 3. Developing regional air service strategies

In conjunction with the Small Community Air Service Development Tool Kit, OAMA and WAMA will establish the **Northwest Regional Air Service Initiative – Mentor Program**. Several airport managers from these two professional organizations that have air service experience will volunteer to provide assistance to communities that need assistance beyond that provided by the hard materials in the Small Community Air Service Development Tool Kit. This mentor group will, if requested, assist with local presentations, field questions, and assist with coordination of the Northwest Regional Air Service Initiative

in individual communities. The experience of the airport managers will be invaluable to smaller communities struggling with air service issues.

Phase II. Small Community Air Service Market Analysis

Phase II of the Northwest Regional Air Service Initiative's Action Plan is intended to address the need to collect quality, consistent information (passenger volume and destinations) to evaluate the needs and strength of local air travel markets. Communities participating in the Northwest Regional Air Service Initiative must (1) agree to fund the full cost of the air service market data collection, and (2) agree to participate as a "private partner" in the "public-private" partnership associated with this Small Community Air Service Development Program grant application. Funds (cash) used to pay for the air service market analysis must qualify as non-airport cash participation. In short, these funds must come from a non-airport source.

Quality market information is the heart of all successful air service development efforts. Without it, community leaders have unsupported notions about local air service needs and even less of an idea about the type of air service that can be sustained. Before a community can proceed with an air service initiative, a database needs to be developed on local travel needs. With regard to the Northwest Regional Air Service Initiative, it is imperative that market information be consistent for the future development of a unified package for air service improvements.

To ensure consistency, all of the individual community air service market data will be collected by the project's air service consultant. The consultant will determine the best method to use for estimating passenger volume and destinations for each community included in this analysis. In some cases, Marketing Information Data Tapes (MIDT) data will be acquired and used to build the air travel database. In other cases, MIDT data may be insufficient and the air service consultant may need to estimate passenger numbers and destinations by using economic models or other methods for developing the necessary database. Consideration will be given to communities that have current data on their air service market. The air service consultant will review and determine if the data is consistent with the program.

Each community will bear responsibility for funding the cost of collection of its air service market information. The total cost for the collection of this information is \$5,000 per market. OAMA and WAMA anticipate that approximately 25 airports will participate in Phase II, and the Northwest Regional Air Service Initiative will fund 100 percent of the cost. The airports listed below have committed to participating in Phase II. Additional participants will sign up as the Northwest Regional Air Service Initiative develops.

Participating airports

- | | |
|---------------------------|----------------------------|
| • Klamath Falls, OR (LMT) | • Pullman/Moscow, WA (PUW) |
| • Moses Lake, WA (MWH) | • Redmond, OR (RDM) |
| • Newport, OR (ONP) | • Salem, OR (SLE) |
| • Pendleton, OR (PDT) | • Yakima, WA (YKM) |
| • Port Angeles, WA (CLM) | • Walla Walla, WA (ALW) |

Phase III. Oregon-Washington Small Community Air Service Strategies

The intent of this phase of the project is to research and evaluate strategies for securing air service improvements for communities in Oregon and Washington that can demonstrate that their respective markets can support air service and have community commitment to support air service improvements. Smaller communities that have taken the initiative to complete the data collection and background analysis necessary to assess their air service markets will be considered for inclusion in this evaluation. This phase will consider the overall air service needs of smaller communities in the two state region and evaluate alternative options and strategies for securing air service improvements. The output for Phase III will be a written report. The following outline reflects the plan for Phase III. Oregon-Washington Small Community Air Service Strategies:

Phase III. Oregon-Washington Small Community Air Service Strategies

- A. Air service concept
 - 1. Identification of communities for further consideration
 - 2. Market analysis
 - 3. Aircraft requirements
 - 4. Analysis of hubs and code-shares
 - 5. Aircraft equipment and frequency
 - 6. Potential operators
- B. Network development
 - 1. Alternatives
 - 2. Economic analysis
 - 3. Network recommendations
- C. Strategies
 - 1. Options
 - 2. Recommendations

Roles of partnership members

In addition to funding the Action Plan, the Oregon Department of Aviation, Washington Department of Transportation-Aeronautics Division, OAMA, and WAMA will establish a Steering Committee to accomplish the following:

- Direct activities of the air service consultant
- Administer and report to members and the U.S. Department of Transportation on project activities
- Participate in the development of the Small Community Air Service Development Tool Kit materials
- Establish and staff the Northwest Regional Air Service Initiative – Mentor Program
- Recruit smaller communities in Oregon and Washington into the program
- Assist with local coordination of air service market research activities
- Assist consultant with development of air service strategies
- Review and approve all work products

The Action Plan envisions that there will be up to 25 communities participating in the market research element of the project. Each community will fund, with non-airport cash, their respective market research and enlist the assistance of a "private partner" to do the following:

- Coordinate and assist the consultant with collection of information on the local air service market
- Participate in meetings and activities associated with the Northwest Regional Air Service Initiative
- Work with Mentor Program representatives to educate and involve the broader community

Project continuation/sustainability

This project will provide smaller communities in Oregon and Washington with the ongoing ability to self-assess their air service needs and opportunities. It will also allow communities to self select whether or not they want to engage in air service development initiatives. If smaller communities in Oregon and Washington choose not to do the necessary in-house homework facilitated by the Small Community Air Service Development Tool Kit, they should not look to others to fix their air service problems. Because it is a self-help program, its useful life extends into the future.

Before small communities in Oregon and Washington can realize air service improvements, the work described in this Action Plan must be accomplished. In short, these communities cannot get from where they are today to where they want to be without building the foundation. Communities engaged in the Northwest Regional Air Service Initiative will participate in the follow-up plan to secure air service to communities identified in this program. This step involves acting on the strategies developed in Phase III. Oregon-Washington Small Community Air Service Strategies. In this regard the coalition that created the Northwest Regional Air Service Initiative is committed to accomplishing the necessary next-steps to secure the air service improvements pinpointed in this exercise.

Alternate plan

The magnitude and nature of air service issues in the Northwest require a regional approach and a source of funds sufficient to fund a broad project that affects multiple communities and crosses state boundaries. The Small Community Air Service Development Program offers the most flexible and timely method for funding the Northwest Regional Air Service Initiative.

At present, smaller communities in Oregon and Washington know that they have air service problems, but they do not know what to do and the problems are too large for one or two communities to address. The solutions require a collective approach. There is no good alternate plan and, in the near term, nothing will change. Air service in smaller communities in the Northwest will continue its death spiral until many underserved communities become the "towns the railroad left behind" or an alternate plan and source of funding is developed to undertake a plan like the one described herein.

Funding

The Oregon Department of Aviation, the Washington Department of Aviation – Aeronautics Division, OAMA, and WAMA are seeking \$180,570 in federal funding to support the program outlined in this Action Plan.

Proposal under the Small Community Air Service Development Program
Docket #OST-2005-20127

The funding plan for this application includes a unique approach for funding Phase II. Small Community Air Service Market Analysis. Individual communities will fund 100 percent of this phase from non-airport sources and the budget indicates that 25 communities will participate in Phase II. If 25 communities participate, the total non-airport cash contribution is \$125,000. However, the exact number of communities participating in Phase II are unknown until Phase I is completed. The 10 communities listed on page 20 have, in advance, agreed to participate in Phase II. In the best case, 25 communities will participate in Phase II and, worst case, there will be 10.

The following table provides the Action Plan budget broken down by element and sources of funding:

Table 5.1 Action plan budget

Description	Funding sources								Total
	U.S. DOT	OR Dept. of Aviation		WA Dept. of Aviation		OAMA/WAMA		OR & WA Airports	
	Cash	Cash	In-Kind	Cash	In-Kind	Cash	In-Kind	Cash	
Phase I. Small Community Air Service Development Tool Kit	\$130,420	\$5,000		\$5,000		\$5,000			\$145,420
Phase II. Small Community Air Service Market Analysis		\$1,320		\$1,320		\$1,320		\$125,000	\$128,960
Phase III. OR-WA Small Community Air Service Strategies	\$50,150	\$5,000		\$5,000		\$1,350			\$61,500
Program administration									
Staffing			\$5,000		\$5,000		\$5,000		\$15,000
Consultant services						\$3,650			\$3,650
Total	\$180,570	\$11,320	\$5,000	\$11,320	\$5,000	\$11,320	\$5,000	\$125,000	\$354,530
Percent of total project	50.9%	3.2%	1.4%	3.2%	1.4%	3.2%	1.4%	35.3%	100.0%
Percent of cash contribution	53.2%	3.3%	0.0%	3.3%	0.0%	3.3%	0.0%	36.8%	95.8%

The Oregon Department of Aviation, Washington Department of Transportation – Aeronautics Division, OAMA, WAMA, and non-airport local community participants will provide 49.1 percent of the funding for the total program and 46.8 percent of the cash contribution. The share of cash contribution will vary depending on the number of airports participating in Phase II.

Section 6. Schedule/monitoring

Action plan schedule

After selection of a consultant, the project will take 15 months to complete.

Table 6.1 Action plan schedule

Item	2005				2006												2007	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Grant award	■																	
Consultant selection		■	■															
Phase I. Small Community Air Service Development Tool Kit				■	■	■	■	■	■									
Phase II. Small Community Air Service Market Analysis										■	■	■	■	■				
Phase III. OR-WA Small Community Air Service Strategies															■	■	■	■

Milestones

The following milestones are proposed to track the progress of this air service initiative:

November 30, 2005 - Signed contract between the selected consultant and the Oregon Department of Aviation: In order to meet a May 30, 2006 completion date of the Small Community Air Service Development Tool Kit, the contract with a consultant will need to be concluded by December 2005. This will allow the consultant six months to complete Phase I.

May 30, 2006 – Completion of Phase I. Small Community Air Service Development Tool Kit: The Small Community Air Service Development Tool Kit will be completed by May 30, 2006 to be distributed to Oregon and Washington communities. Distribution of the materials will be coordinated by OAMA and WAMA.

October 31, 2006 – Completion of Phase II. Small Community Air Service Market Analysis: By October 31, 2006, the research and development materials will be completed for the communities in Oregon and Washington that have participated in the program.

February 28, 2007 – Completion of Phase III. Oregon-Washington Small Community Air Service Strategies: Phase III will be completed by February 28, 2007.

Monitoring program

The Northwest Regional Air Service Initiative - Steering Committee will monitor the progress of this program and provide guidance to the consultant with regard to schedule and milestones. Membership of the Steering Committee shall come from the Oregon Department of Aviation, the Washington Department of Transportation, OAMA, and WAMA. It shall be the responsibility of this group to provide direction for the program, review and comment on materials produced, field questions from airports and communities about the program, coordinate all elements of the project with the sponsor and the U.S. Department of Transportation, and manage the program and associated Small Community Air Service Development Program grant. The Steering Committee will designate an OAMA or WAMA member to act as the Chairperson of the Northwest Regional Air Service Initiative.

Appendix A. Community support

Communities in Oregon and Washington submitted letters of support for the Oregon Department of Aviation's application to the U.S. Department of Transportation. The letters of support are included on the following pages of this Appendix A. Letters of support from Moses Lake, Port Angeles, and Walla Walla will be sent separately to the U.S. Department of Transportation.

04/15/2005 15:47

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WSDOT-AVIATION DIV

PAGE 02



**Washington State
Department of Transportation**
Douglas B. MacDonald
Secretary of Transportation

Aviation Division
3704 172nd Street, Suite K2
P.O. Box 3367
Arlington, Washington 98223-3367
360-851-6300 / 1-800-552-0666
Fax 360-851-6319
TTY: 1-800-833-6388
www.wsdot.wa.gov

April 22, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 5401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation - Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

The Washington State Department of Transportation - Aviation is pleased to submit this letter of support for the Oregon Department of Aviation's grant application for a U.S. Department of Transportation grant for funding of a program to improve air service to smaller communities throughout Oregon and Washington. WSDOT recognizes the importance of commercial air service to the economy of the region through access for visitors and, most important, to support area businesses, organizations and institutions.

We stipulate that a public-private partnership has been formed between the Oregon Department of Aviation, Washington Department of Transportation - Aviation, Oregon Airport Managers Association, and the Washington Airport Managers Association for the purpose of accomplishing the air service goals specified in the grant application. This initiative has our full support. Where small community air service initiatives are concerned, it is partnerships like this that make a difference.

We are pleased to have the opportunity to participate in this public-private partnership and to support this grant application. We are committed to supporting this initiative and appreciate the opportunity provided by the Small Community Air Service Development Program.

Sincerely,

A handwritten signature in black ink, reading "John Sibold".

John Sibold
Aviation Director, WSDOT



Oregon Airport Management Association

Daren Griffin, A.A.E.
Oregon Airport Managers Association
P.O. Box 13175
Salem, OR 97309-1175

April 22, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

The Oregon Airport Managers Association is pleased to submit this letter of support for the Oregon Department of Aviation's grant application for a U.S. Department of Transportation grant for funding of a program to improve air service to smaller communities throughout Oregon and Washington. The Oregon Department of Aviation recognizes the importance of commercial air service to the economy of the region through access for visitors and, most important, to support area businesses, organizations and institutions.

We stipulate that a public-private partnership has been formed between the Oregon Department of Aviation, Washington Department of Transportation – Aeronautics Division, Oregon Airport Managers Association, and the Washington Airport Managers Association for the purpose of accomplishing the air service goals specified in the grant application. This initiative has our full support. Where small community air service initiatives are concerned, it is partnerships like this that make a difference.

We are pleased to have the opportunity to participate in this public-private partnership and to support this grant application. We are committed to supporting this initiative and appreciate the opportunity provided by the Small Community Air Service Development Program.

Sincerely,

Daren Griffin, A.A.E.
President

Apr 15 05 03:02p

p.2



Washington Airport Management Association

April 22, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation - Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

The Washington Airport Managers Association is pleased to submit this letter of support for the Oregon Department of Aviation's grant application for a U.S. Department of Transportation grant for funding of a program to improve air service to smaller communities throughout Oregon and Washington. The Oregon Department of Aviation recognizes the importance of commercial air service to the economy of the region through access for visitors and, most important, to support area businesses, organizations and institutions.

We stipulate that a public-private partnership has been formed between the Oregon Department of Aviation, Washington Department of Transportation - Aeronautics Division, Oregon Airport Managers Association, and the Washington Airport Managers Association for the purpose of accomplishing the air service goals specified in the grant application. This initiative has our full support. Where small community air service initiatives are concerned, it is partnerships like this that make a difference.

We are pleased to have the opportunity to participate in this public-private partnership and to support this grant application. We are committed to supporting this initiative and appreciate the opportunity provided by the Small Community Air Service Development Program.

Sincerely,

Jeffery Robb, President
Washington Airport Managers Association

Jeffery Robb, President
Jerry Kilpatrick, Vice President
Dale Carman, Secretary
Robb Parish, Treasurer

Port of Port Angeles
Yakima Air Terminal
Arlington Municipal Airport
Pullman-Moscow Airport

360-457-1138
509-575-6149
360-435-6554
509-334-4555

P.O. Box 1150
2400 W. WA Ave.
18204 59th Dr.
3200 Airport Complex

Port Angeles, WA 98362
Yakima, WA 98903
Arlington, WA 98223
Pullman, WA 99163



Klamath County Chamber of Commerce

706 Main Street • Klamath Falls, Oregon 97601
(541) 884-5193 Phone • (541) 884-5195 Fax
www.klamath.org

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Stephanie K. Bailey
Executive Director
Sarah Weldon
Marketing & Program Administrator
Lilly Johnson
Administrative Assistant

April 20, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, S.W., Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application Oregon
Department of Aviation – Northwest Regional Air Service Initiative Docket OST – 2005
– 20127**

Dear Ms. Bingham,

The Klamath County Chamber of Commerce strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community. In support of the Northwest Regional Air Service Initiative we pledge \$2,500.00 to fund the air service market analysis effort contemplated for our community in Phase II of the projects Action Plan.

We are pleased to have the opportunity to support this grant application.

Sincerely,

Stephanie K. Bailey
Executive Director

"The Klamath County Chamber of Commerce is committed to Klamath County by advancing its economic vitality and quality of life through the education, promotion and networking of our members"

**Klamath County Economic Development Association**

Follow the Quarter to Klamath County, Home of Crater Lake

April 20, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

Subject: Small Community Air Service Development Grant Application Oregon Department of Aviation – Northwest Regional Air Service Initiative Docket OST – 2005 – 20127

Dear Ms. Bingham:

The Klamath County Economic Development Association strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community. In support of the Northwest Regional Air Service Initiative we pledge \$5,000 to fund the air service market analysis effort contemplated for our community in Phase II of the project's Action Plan.

We are pleased to have the opportunity to support this grant application.

Sincerely,

A handwritten signature in black ink, appearing to read "L.H. Senn". The signature is stylized with a large, looping "S" and a horizontal line extending to the left.

L.H. Senn
Executive Director, KCEDA



April 19, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

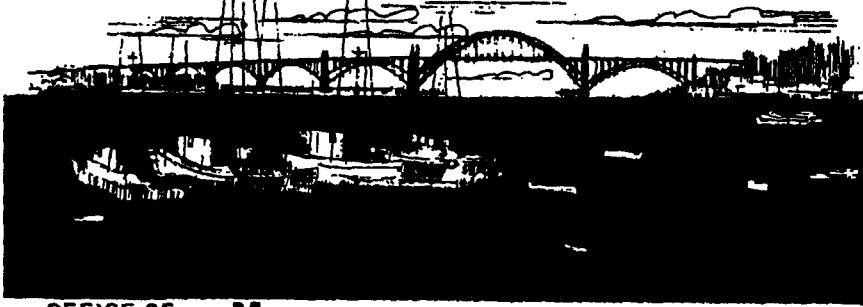
Central Oregon Coast Air Services, LLC strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe there is a substantial need for this air service initiative and that it will contribute greatly to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community.

We are pleased to have the opportunity to state our support for this grant application.

Sincerely,

Dennis S Winningstad
Title GM



CITY OF NEWPORT

810 S.W. ALDER STREET

NEWPORT, OREGON, 97365

(541) 265-5331

TDD/VOICE 1-800-735-2900

OFFICE OF **Mayor**

April 19, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

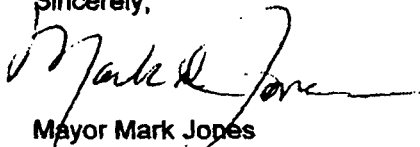
Dear Ms. Bingham:

The City of Newport Oregon strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community.

We are pleased to have the opportunity to state our support for this grant application.

Sincerely,



Mayor Mark Jones
Title



CITY OF PENDLETON

Office of the City Manager
500 S.W. Dorion Avenue
Pendleton, Oregon 97801-2090
Telephone: (541) 966-0201
FAX (541) 966-0231
TDD (541) 966-0230
www.pendleton.or.us

April 18, 2005

Ann B. Crook
Airport Director
Klamath Falls Airport
6775 Armory Avenue
Klamath Falls, OR 97603

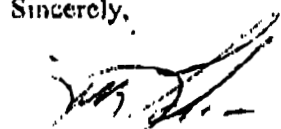
Dear Ann:

Thank you for all the effort in preparing the multi-state Small Community Air Service grant request to assist airports in developing foundation data to support new or increased commercial air service.

The City of Pendleton values greatly the commercial air service we have, however additional service and alternate routes would be most helpful. The City is very supportive of the bi-state application being submitted by Oregon and Washington, and looks forward to the opportunity to participate in the program once funding is received.

Please place us on your list of probable participants. Let me know if you need any additional information.

Sincerely,


Larry Lehman
City Manager
Eastern Oregon Regional Airport

... Home of the World Famous Pendleton Round-Up ...



ID:

MAY 18'12

1:12 No.001 P.02

**Eastern Oregon Regional Airport at Pendleton**

PENDLETON AIRPORT BUSINESS & INDUSTRIES PARK

April 15, 2005

Ann B. Crook
Airport Director
Klamath Falls Airport
6775 Armory Avenue
Klamath Falls, OR 97603

Dear Ann:

Thank you for all the effort in preparing the multi-state Small Community Air Service grant request to assist airports in developing foundation data to support new or increased commercial air service.

Eastern Oregon Regional Airport at Pendleton is definitely interested in participating in this project and as one of those airports that has lost over 45% of our enplanements since September 11, 2001, we can use all the help we can get.

Please place us on your list of participants, I'll find the local match some place. Let me know if you need any additional information.

Sincerely,

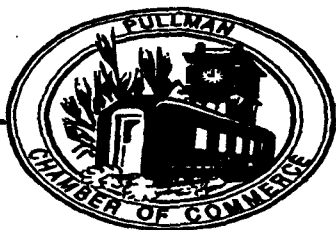

Larry Dalrymple
Airport Manager
Eastern Oregon Regional Airport

CITY OF PENDLETON - AIRPORT ADMINISTRATION

2016 Airport Road Pendleton, Oregon 97801 Telephone (541) 276-7754 FAX: (541) 276-3602

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PULLMAN CHAMBER OF COMMERCE

415 North Grand Avenue, Pullman, WA 99163

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April 18, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

The Pullman, Washington Chamber of Commerce strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout the Northwest. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community. In support of the Northwest Regional Air Service Initiative we will work closely with area businesses and our sister organization, the Moscow Chamber of Commerce to identify local funding for an air service market analysis effort contemplated for our community in Phase II of the project's Action Plan.

We are pleased to have the opportunity to support this grant application.

Sincerely,

Fritz Hughes
Executive Director
Pullman Chamber of Commerce



April 16, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

The Moscow, Idaho Chamber of Commerce strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout the Northwest. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community. In support of the Northwest Regional Air Service Initiative we will work closely with area businesses and our sister organization, the Pullman Chamber of Commerce to identify local funding for an air service market analysis effort contemplated for our community in Phase II of the project's Action Plan.

We are pleased to have the opportunity to support this grant application.

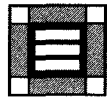
Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Kimmell'.

Paul Kimmell
Executive Director
Moscow Chamber of Commerce

411 S. Main, P.O. Box 8936 ♦ Moscow, Idaho 83843
(208) 882-1800 ♦ www.moscowchamber.com





ECONOMIC DEVELOPMENT FOR CENTRAL OREGON

April 22, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service Initiative
Docket OST-2005-20127**

Dear Ms. Bingham:

On behalf of Economic Development for Central Oregon (EDCO), I would like to express my support for the grant application being submitted by the Oregon Department of Aviation for a U.S. Department of Transportation funding to improve air service to smaller communities in Oregon and Washington. Having worked in economic development in non-metro communities in Oregon for the past 11 years, air service is often one of the most critical components for any area's ability to successfully foster new business and economic activity.

It is noteworthy that a broad based consortium that extends across state lines has proposed this project. This partnership includes the Oregon Department of Aviation, Washington Department of Transportation – Aeronautics Division, Oregon Airport Managers Association, and the Washington Airport Managers Association. In nearly all instances, successful community, economic and air service development is a team endeavor. Clearly, the applicants for this grant have formed a strong and determined team.

Resources provided by the U.S. DOT play a very important role in the ability of communities to attract and make profitable new commercial air service. Our recent project to attract Central Oregon's first commercial service east and first jet service is an excellent example of the effectiveness of these incentives. With the help of a \$500,000 DOT grant we were able to attract Delta Airlines for new service from Redmond to Salt Lake City within one year – after 10 years without any service to new markets. We understand from Delta that the new service has been the most successful launch in the company's entire nationwide system in the post 9/11 era. The DOT Small Community Air Service Development Program grant certainly played a crucial role in attracting the service.

Hence, we are eager to support this application so that other communities can realize the positive economic impacts of improved transportation connections to the rest of the world.

Sincerely,

Roger J. Lee
Director

President

Kathy B. Goss
Capital Valuation Group

Executive Director

Michael T. McLaran

Executive Committee

Ross Carey
U.S. Bank
Mike DeRochier
AmeriTitle
Terri Frohnmayer
First Commercial Real Estate Services
Kris Jon Gorsuch
Saalfeld Griggs PC
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Portland General Electric
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www.salemchamber.org

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation * Northwest Regional Air
Service Initiative Docket OST-2005-20127

Dear Ms. Bingham:

The Salem Area Chamber of Commerce strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area businesses, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community.

We are pleased to have the opportunity to support this grant application.

Respectfully,



Mike McLaran
Executive Director
Salem Area Chamber of Commerce

April 14, 2005

Teresa B. Bingham
Associate Director, X-50
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Small Community Air Service Development Grant Application
Oregon Department of Aviation – Northwest Regional Air Service
Initiative Docket OST-2005-20127**

Dear Ms. Bingham:

The Yakima County Development Association strongly supports the above referenced grant application that will provide for funding of a program to improve air service to smaller communities throughout Oregon and Washington. We believe that there is substantial need for this air service initiative and that it could potentially greatly contribute to the economic viability of our area. We recognize the importance of quality commercial air service to the economy through improved access for visitors, and most importantly, to support area business, organizations, and institutions.

Air service is critically important to the health and growth of our business community. The contemplated improvements that this air service initiative could bring would provide a significant boost to economic development in our community. In support of the Northwest Regional Air Service Initiative we pledge \$18,000 to fund the air service market analysis effort contemplated for our community in Phase II of the project's Action Plan.

We are pleased to have the opportunity to support this grant application.

Sincerely,



David McFadden
President

FAX 509-575-1508

509-575-1140

Yakima, Washington 98907-1387

P. O. Box 1387